



RES

RES MANUFACTURING COMPANY

ISO/TS 16949:2002

SINCE 1907

The ProgRESsive

Mission

"Our mission is to be the best-in-class provider of precision metal stampings, assemblies and value-added services. Res will operate safely, ethically and profitably to benefit its customers, associates, shareholders, and suppliers."

Res Manufacturing is a contract manufacturer of metal components and Sub-Assemblies for **shape-critical, surface-critical** and **high-strength** applications.

We specialize in:

- ◆ PROGRESSIVE DIE STAMPINGS
- ◆ DESIGN ASSISTANCE
- ◆ PROTOTYPES
- ◆ TOOL MAINTENANCE AND REPAIR
- ◆ HEAT TREATING, WELDING, TAPPING, MACHINING
- ◆ AUTOMATED AND MANUAL ASSEMBLY
- ◆ EDI CAPABLE



Spring 2006

MANAGEMENT VIEWS

What Does it Take to Be a Steel Supplier to Res?

Res Mfg spent \$7 MM in 2005 on steel; 70% of all purchasing dollars. In 2006 we will purchase 4000 tons of hot-rolled and cold-rolled steel and 3000 tons of galvanized steel. Assuring the most favorable pricing and best service from our steel suppliers is crucial to serving our customers. Managing our steel supply chain is one of the most critical challenges we face each day.

There are multiple prospective steel suppliers that are under consideration on an ongoing basis. Purchasing is very particular when choosing our steel partners. We insist on proactively establishing the best suppliers that will provide the lowest total procurement cost while providing the best customer support. In this article, we will discuss the guidelines our steel suppliers must follow in assisting us in meeting and exceeding our customers' price and quality expectations.

Res will consume 7000 tons of coil steel in 2006. This annual tonnage will be purchased in various gauges and widths. In hot rolled and cold rolled we will use 40 gauge thicknesses and 62 widths this year.

Our many variations and relatively low total volume of each prevent us from buying directly from steel mills. We choose to buy through steel service centers. Service centers are companies that contract for huge volumes of steel from domestic and foreign steel mills. They stock the steel, process it, and distribute it to their customers and to other service centers. Most service centers have heat treat processes, coating processes, and coil slitting capabilities. We rely upon their communication networks to quickly find additional coils for short lead-time orders, or to locate special steel coils, which are not in their stock. Their logistics experts arrange for safe, reliable and economical shipment of the coils to us.

Res' expectations of our service center partners are:

- Supply most reliable quality and a quick, thorough response to all quality questions and problems.
- Be a pro-active and intense partner in searching for non-standard steel grades or sizes. Adjust to changes in our demand.
- Provide the best total cost based upon competition in the marketplace and compared to national indices.
- Offer continual professional guidance and technical

opinions on steel market developments and price drivers

Service Center Partners must be Quality Partners.

Res provides complete specifications with every purchase order, and we require 100% conformance by the supplier. Our requirements include only prime steel (undamaged and unblemished) delivered in coils, with certified dimensions, chemistry, and physical properties.

The performance of each steel supplier is closely monitored and recorded through our ISO/TS16949 quality system. Any complaint about the quality of our purchased steel is reported, tracked, and resolved quickly. A formal corrective action response is required from the supplier for any quality problem.

Res suppliers must have qualified technical support on staff and readily available to us. They are our consultants on any material application question or problem, as well as any concern or complaint regarding defective material.

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Management Views

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Key suppliers are graded regularly for on-time delivery and quality performance. These scores, along with subjective factors, are critical to the awarding of future Res business.

Service Center Partners must be Sourcing Partners.

As a responsive supplier of steel stampings, Res takes pride in our ability to adjust to our customers' changing requirements. This means that our steel requirements can, and do change suddenly. It is absolutely necessary that we have a steel service center partner with the initiative and creativity to find and deliver any necessary material in those situations.

Our best suppliers anticipate our needs. They use our forecast as a guide, and plan for reasonable variations. They communicate daily with Res Purchasing to understand our customer base and the status of our business. This knowledge aids them in managing and turning their inventory for mutual benefit.

Service Center Partners must Provide Lowest Total Cost.

Res expects its steel suppliers to have well-established relationships with multiple and varied sources. Our partners must have access to mini mill, integrated mill, and import production. Steel suppliers must rely on their knowledge of the physical capabilities and pricing of each type of steel to guarantee continuous supply and best pricing for Res.

We expect our pricing to reflect Res' significant, reliable, and growing steel demand. Our partners' pricing is benchmarked on a regular basis through price reviews against a field of qualified bidders. Quotes are reviewed and pricing is re-established quarterly for our detailed steel requirement forecasts. In final price negotiations we consider suppliers' head-to-head pricing, but then compare the most reasonable packages to accepted industry indices (CRU index).

Service Center Partners must Provide Expert Technical Guidance.

Global and domestic steel industry news flows continuously through trade publications, purchasing magazines, newspapers, newsletters, on-line updates, and Internet articles. It is not possible to read every steel-related story and interpret its long- and short-term affect on Res. We rely on expert suppliers to summarize and evaluate market news, then provide opinions for purchasing actions. Disruptions in supply and price fluctuations can be caused by various factors:

- Domestic Mill Capacity
- Foreign Steel Usage Trends
- Service Center Inventories
- Changes in Scrap Pricing
- Steel Import Activity
- Mill Consolidation
- New Mills
- Mill Closings
- Automotive Steel Demand
- Raw Material Pricing Trends

From a pool of many, Res Manufacturing chooses a select few to be our steel partners. We hold them to very high but reasonable standards of performance. It is expected that they will meet our expectations every time.

The continuing growth and success of our company and that of our customers depends upon the expertise and service level we receive from the steel supplier partners.

Mike Grimm

Mike Grimm
Materials Manager

Join us at **Res' 2006 Metal Stamping Seminar** in Milwaukee on 6/21/06. The primary objective of this annual event is to provide a basic understanding of metal stamping processes, material characteristics and design considerations to allow the most effective procurement of stamped metal components and assemblies. Contact Rachael at 414-365-5556 for details.

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100 Years and Counting

Res Manufacturing Company will be celebrating its 100th anniversary in 2007.

It is thought that Res produced a bracket for the Model T Ford. Since then Res has continued to be a forward-thinking, quality-driven organization that is prepared to compete globally in its 2nd century and beyond.

Look for our 2007 newsletter featuring Res CEO Scott Moon and the history of Res.

